



Biotech Daily

Friday May 20, 2011

Daily news on ASX-listed biotechnology companies

- * **ASX DOWN, BIOTECH UP: VIRALYTICS UP 17%; LBT DOWN 17%**
- * **EDITORIAL: CHEMGENEX, PHYLOGICA TRADING AND TRANSPARENCY**
- * **CSL BEHRING READY FOR PHASE I CSL627 TRAIL FOR HAEMOPHILIA**
- * **CSL WELCOMES WHO PANDEMIC INFLUENZA POLICY**
- * **CEPHALON ADDS FAST PAYMENT TO CHEMGENEX OFFER; TAKES 78%**
- * **CALZADA, METABOLIC US BONE DISORDERS PATENT**
- * **NEUREN REDUCES SPRINGTREE TERMINATION DEBT**
- * **AUSBIL DEXIA TAKES 6% OF BIONOMICS**

MARKET REPORT

The Australian stock market fell 0.51 percent on Friday May 20, 2011 with the S&P ASX 200 down 24.2 points to 4732.2 points.

Fifteen of the Biotech Daily Top 40 stocks were up, 11 fell, six traded unchanged and eight were untraded.

Viralytics was best, up 1.4 cents or 16.9 percent to 9.7 cents with 31.3 million shares traded, followed by Benitec up eight percent to 2.7 cents with 15.6 million shares traded.

Cellmid, Phylogica and Tissue Therapies climbed more than seven percent; Acrux and Alchemia were up more than four percent; Circadian, Patrys and Virax were up more than three percent; Bionomics and Starpharma rose more than two percent; with Sirtex up 1.1 percent.

LBT led the falls, down one cent or 16.7 percent to five cents with 25,000 shares traded.

Compumedics, Impedimed and Phosphagenics lost more than three percent; Pharmaxis shed 2.3 percent; with Cochlear, Nanosonics, Prima and Sunshine Heart down more than one percent.

EDITORIAL: TRANSPARENCY

Biotech Daily has been puzzled by the purchase of Chemgenex shares on market at 70 cents and above, yesterday.

Given that at the last count Cephalon held 78 percent of acceptances for shares and 86 percent for the listed options (see below) and can waive its self-imposed 90 percent conditions, it is puzzling that anyone would buy shares at 70.5 cents plus brokerage, only to be paid 70 cents in the takeover.

The only explanation is that one or more parties are attempting to block the conditional takeover in the hope of pushing up the offer price.

If this was successful in raising the price for all shareholders, Biotech Daily (which owned Chemgenex shares and has filed the acceptances forms) would applaud the move.

There was discussion that unnamed 'hedge funds' had been playing for the 10 percent blocking vote on options in order to create uncertainty and profit from the share price differential. They may also be involved in buying shares at and above the 70 cents offer mark.

If any reader has evidence to substantiate any better theory, we would welcome the input.

We think all Chemgenex shareholders should know what is going on.

On a separate but related matter, yesterday Citigroup filed a substantial shareholder notice saying that it held nine percent of Phylogica on behalf of unnamed people or organizations hiding behind 'Citicorp Nominees'.

Biotech Daily takes a dim view of shareholders hiding their identities behind nominee companies and was delighted to receive the Australian Securities and Investments Commission Regulatory Guide 159 which clearly states "the intention thereof is to enable a shareholder to know who his co-adventurers are and the public to find out who controls the business to which they are contemplating investment".

Unfortunately, there appears to be no inclination at ASIC to police this intention.

One company director told Biotech Daily that the reason his shares were held by a nominee company was so that his wife and the Australian Taxation Office would not know his true wealth.

As previously published: If Al Capone holds 22% of the Helpful Taxation Tips Co, with Edward Kelly (19%) and Ronald Biggs (15%) but they all hide under Honest Nominees (56%) then most investors might think the company benign, when it is not (Editorial: ASX In Wonderland III, June 25, 2009).

If ASIC was serious, it would require shareholders to disclose their identities and detail their holdings as required on the substantial shareholder notices.

David Langsam
Editor

CSL BEHRING

The Philadelphia-based CSL Behring says it will take CSL627 to a phase I clinical trial for the treatment of haemophilia A.

CSL Behring said CSL627 was a single-chain recombinant factor VIII (rFVIII) and the structure of factor VIII (FVIII) was based on two linked protein chains - a heavy chain and a light chain.

CSL said that under certain conditions, the structure could dissociate, resulting in the formation of separated, or dissociated, FVIII chains.

The company said CSL627 had a strong, covalent bond that connected the light and heavy chains, thereby creating a single-chain rFVIII.

CSL said its studies had shown that the molecular integrity of CSL627 was significantly increased using the single chain design, resulting in a homogenous product that might be more stable than currently available options.

The company said that in-vitro studies had shown that CSL627 had “a very strong affinity for von Willebrand factor and a faster and more efficient binding to von Willebrand factor than was demonstrated by wild-type FVIII.

CSL said the factor VIII and von Willebrand factor complex played an important role in the physiological activity and clearance of FVIII and had been shown to have an influence on the presentation of FVIII to the immune system.

CSL chief scientist Dr Andrew Cuthbertson said that for “more than 90 years, CSL Behring has been committed to providing safe and effective therapies to help improve the lives of patients and caregivers affected by hemophilia A and other rare bleeding disorders”.

“CSL Behring seeks to further expand its broad portfolio of products for the hemophilia community, starting with research into a single-chain rFVIII and other promising therapies,” Dr Cuthbertson said.

CSL said the research leading to the trial was the result of collaboration across the CSL Behring research sites in Marburg, Germany, Pennsylvania and Melbourne.

CSL Behring said it was also working on two recombinant fusion proteins linking coagulation factors with albumin to extend factor half-life.

The company said CSL689 was a recombinant factor VIIa albumin fusion protein for the treatment of patients with hemophilia A or B who have developed inhibitory antibodies.

The second protein, CSL654, was a recombinant fusion protein linking coagulation factor IX with albumin, which was currently recruiting for phase I studies.

CSL fell 28 cents or 0.8 percent to \$34.05 with one million shares traded.

CSL BIOTHERAPIES

CSL says it welcomes the World Health Assembly’s ‘Pandemic influenza preparedness framework for the sharing of influenza viruses and access to vaccines and other benefits’.

In a media release CSL Biotherapies said it welcomed the decision by the World Health Assembly to adopt the Framework which was “the culmination of several years work by a dedicated working group of the World Health Organisation and paves the way for greater global collaboration between public and private stakeholders in preparing the world for possible future influenza pandemics”.

CSL said the Framework established the principles by which international agencies, governments and biopharmaceutical manufacturers would collectively contribute to strengthening global pandemic preparedness, building on key learnings from the 2009 H1N1 pandemic and using the significant investments and contributions that industry and other stakeholders already make.

CHEMGENEX

Cephalon has reduced the time for payment for offer acceptances in its takeover bid for Chemgenex to five business days, from the one month in the original bidder's statement. The first bidder's statement said payment would be sent "within one month of accepting the share offer or listed option offer as applicable unless the applicable offer is still subject to conditions in which case you will be sent payment within one month of the offer becoming or being declared unconditional"

The offer is conditional on Cephalon receiving 90 percent of shares and listed options and the closing date has been extended to June 6, 2011, making July 6, 2011, the previous approximate payment date.

The change would bring forward the payment date to June 14, 2011, given that June 13 is a public holiday in all states except Western Australia and the ASX will be closed for trading.

Cephalon can declare the offer unconditional at any time.

The original bidder's statement also said: "In any event, provided the conditions of the applicable offer are satisfied or waived, you will be sent payment within 21 days of the end of the applicable offer period".

Today Cephalon said it would send payment "within five business days after the date on which the offer becomes unconditional" or for those accepting the offer after it becomes unconditional "within five business days after the receipt of their valid acceptance".

Cephalon also said the total acceptances had increased to 78.01 percent of shares and 86.4 percent of listed options, but did not provide the details in a formal change of substantial shareholder notice.

Chemgenex was unchanged at 70 cents.

CALZADA, METABOLIC PHARMACEUTICALS

Calzada says Metabolic has received formal notice of allowance from the US Patent and Trademark Office for its 'Methods For Preventing or Treating Bone Disorders' application. Metabolic chief executive officer David Kenley said the patent joined the company's portfolio of osteoporosis patents granted in Australia and China and its core portfolio of obesity-related patents granted in all key international jurisdictions.

"Grant of this key patent verifies that new potential applications of AOD9604 may also be capable of patent protection," Mr Kenley said.

The company said the US patent expired in May 2025 and there were corresponding pending applications in Canada, Japan and before the European Patent Office.

Calzada fell 0.2 cents or two percent to 9.8 cents.

NEUREN PHARMACEUTICALS

Neuren says that it has reduced the termination debt to Springtree Special Opportunities Fund.

Neuren said that in conjunction with the termination of the convertible loan agreement with Springtree Special Opportunities Fund, Springtree was to make a payment of \$184,600 for 13 million shares issued and held as collateral.

The company said that by mutual agreement, the proceeds had been set-off against the obligation to repay the convertible note maturing today and the balance has reduced the amount outstanding under the convertible note maturing on November 18, 2011 from \$400,000 to \$281,400.

Neuren was up 0.1 cents or five percent to 2.1 cents with one million shares traded.

BIONOMICS

Ausbil Dexia has become a substantial shareholder in Bionomics with the acquisition of 20,000,000 shares or 5.81 percent.

The initial substantial shareholder notice said that Ausbil Dexia was an investment manager for a number of institutional investors which were generally superannuation funds.

Ausbil Dexia's website said the company was an equities specialist with about \$14 billion under management.

The website said the company was a joint venture between foundation investors including senior members of the investment team and Dexia Asset Management, an arm of the Dexia Group, a European bank with \$176 billion of assets under its management.

The shares were part of the 60,000,000 sale from Start-up Australia (BD: May 12, 2011).

Bionomics was up 1.5 cents or 2.2 percent to 70 cents with 1.1 million shares traded.